

CITY OF WOODHAVEN
WAYNE COUNTY, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
JUNE 30, 2005

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input checked="" type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name City of Woodhaven		County Wayne
Audit Date 6-30-05	Opinion Date 10-28-05	Date Accountant Report Submitted to State: 12-19-05		

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

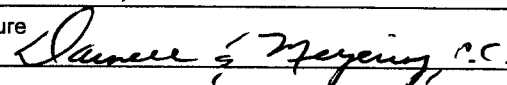
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Darnell & Meyering, P.C.			
Street Address 20600 Eureka Road, Suite 900	City Taylor	State MI	ZIP 48180
Accountant Signature 			

CITY OF WOODHAVEN
Comprehensive Annual Financial Report
Table of Contents
July 1, 2004 to June 30, 2005

FINANCIAL SECTION	<u>Page</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-12
Basic Financial Statements:	
Government – Wide Financial Statements	
Statement of Net Assets	13-14
Statement of Activities	15-16
Fund Financial Statements	
Balance Sheet – Governmental Funds	17-18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Statement of Net Assets – Proprietary Funds	21-22
Statement of Revenues, Expense and Changes in Net Assets- Proprietary Funds	23
Proprietary Fund Type Statements of Cash Flows	24-25
Statement of Net Assets – Fiduciary Funds	26
Statement of Changes in Net Assets – Fiduciary Funds	27
Notes to Financial Statements	28-55

CITY OF WOODHAVEN
Comprehensive Annual Financial Report
Table of Contents
July 1, 2004 to June 30, 2005
(continued)

	<u>Page</u>
REQUIRED SUPPLEMENTAL INFORMATION	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	56-59
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Motor Vehicle Highway Major Street Fund	60
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Motor Vehicle Highway Local Street Fund	61
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Capital Projects Fund	62
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Water Department Fund	63-64
SUPPLEMENTAL INFORMATION	
Combining Balance Sheets – Special Revenue Funds – Nonmajor Governmental Funds	65
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Special Revenue Funds - Nonmajor Governmental Funds	66
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Nonmajor Special Revenue Funds – Community Development Block Grant	67
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Nonmajor Special Revenue Funds – Police Forfeitures	68
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Nonmajor Special Revenue Funds – Community Activities Center	69

CITY OF WOODHAVEN
Comprehensive Annual Financial Report
Table of Contents
July 1, 2004 to June 30, 2005
(continued)

	<u>Page</u>
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Nonmajor Special Revenue Funds – Building Inspection	70
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Nonmajor Special Revenue Funds – Debt Service Fund	71
Statement of Revenues, Expenditures and Changes in Net Assets – Budget and Actual – Internal Service Fund – Motor Pool Fund	72
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Component Unit – Downtown Development Authority Fund	73
Combining Statement of Net Assets – Pension Trust	74
Combining Statement of Change in Net Assets – Fiduciary Funds	75
Combining Statement of Assets and Liabilities – Agency Funds	76
Schedule of Cash Receipts and Disbursements – Restricted Accounts – Water Department	77

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Independent Auditors' Report

To the Mayor and Elected Officials of the Council
City of Woodhaven
Woodhaven, Michigan 48183

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Woodhaven as of and for the year ended June 30, 2005 which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Woodhaven's management. Our responsibility is to express opinions on these financial statements based on our audit.

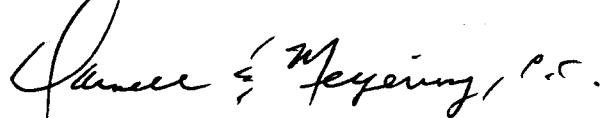
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Woodhaven, as of June 30, 2005 and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 3 through 12 and 65 through 77, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinions in it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Woodhaven's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statement taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

DARNELL & MEYERING, P.C.

Handwritten signature of Darrell & Meyering, P.C.

October 28, 2005

City of Woodhaven
Management's Discussion and Analysis (MD&A)
Year ended June 30, 2005

The management of the City of Woodhaven presents this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2005. The City encourages readers to consider the information presented here in conjunction with the additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

- The assets of the City of Woodhaven exceeded its liabilities at the close of the most recent fiscal year by \$83,332,243 (net assets). Of this amount \$10,713,523 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$248,326.
- As of the close of the current fiscal year, the City of Woodhaven's governmental funds reported combined ending fund balances of \$8,910,119 an increase of \$661,955 in comparison of the prior year. Approximately \$6,069,265 is available for spending at the government's discretion.
- The City of Woodhaven total debt increased by \$220,446 (4.3%).
- State-shared revenue, our second largest revenue source, was reduced by the State of Michigan by approximately \$17,000 this year, which resulted in a percentage decline of 0.87% over the previous year. To offset this reduction in State-shared revenue, the City has left vacant positions unfilled, made cuts to departmental budgets, and put several major projects on hold.
- A concerted effort was focused on holding down other expenditures to balance considerable increases in medical benefits and a three (3) percent salary increase pursuant to the various union contracts.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are

reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave.)

Both of the government-wide financial statements distinguished functions of the City of Woodhaven that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Woodhaven include general government, public safety, public works, health and welfare, community economic development, and recreation and culture. The business-type activities of the City of Woodhaven include Water and Sewer, and Recreational Vehicle Storage.

The government-wide financial statements include not only the City of Woodhaven itself (known as the primary government), but also a legally separate Downtown Development Authority for which the City of Woodhaven is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 13-16 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into seven categories. They are:

- A. General Government.
- B. Special Revenue – major and local streets, community activities center, community development block grant, building inspection, and police forfeitures.
- C. Debt Service – 1991 SRF bonds, 1998 expansion bonds, 2002 general bonds, 2004 expansion bonds, Honeywell and animal shelter notes payable, capitalized lease, and compensated absences. The expansion and SRF bonds represent the City's obligation to the South Huron Valley Utility Authority.
- D. Capital Projects – capital improvements (general) fund.
- E. Enterprise – water & sewer, recreational vehicle storage.
- F. Internal Service - motor pool.
- G. Trust and Agency – employee retirement funds, tax receiving fund, court fund, payroll fund, bond compliance fund, tree planting fund, engineering fees fund, and interest fund.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the

end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Woodhaven maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, major highway, local highway and the capital projects funds, all of which are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Woodhaven adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 17-19 of this report.

Proprietary funds. The City of Woodhaven maintains three proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Woodhaven uses enterprise funds to account for its Water and Sewer operations and Recreational Vehicle Storage operations. The City's other proprietary fund, the Motor Pool, is an internal service fund. An internal service fund is an accounting device used to accumulate and allocate costs internally among the City of Woodhaven's various functions. The City of Woodhaven uses an internal service fund to account for its fleet of vehicles.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Water and Sewer fund is considered to be a major fund of the City of Woodhaven. The internal service fund is presented as a governmental fund within the proprietary fund financial statements. The basic proprietary fund financial statements can be found on pages 21-25 of this report.

Fiduciary Funds. The trust and agency funds are fiduciary funds used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Woodhaven's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 26-27 of this report.

Notes to the financial statements. The notes provided additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-55 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which is the budgetary comparison schedule of the major funds. Required supplementary information can be found on pages 56-64 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements can be found on pages 65-77 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$83,332,243 as of June 30, 2005 as compared to \$83,580,569 at June 30, 2004.

The largest portion of the City's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to the public; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The City's financial position is the product of a number of transactions including the net results of its activities, the payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Net Assets for the two years ended June 30, 2004 & 2005:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2004	2005	2004	2005	2004	2005
Assets						
Current and Other Assets	\$10,156,187	\$10,792,595	\$ 5,850,908	\$ 6,327,611	\$16,007,095	\$17,120,206
Noncurrent Assets	68,011,981	67,358,556	6,740,836	6,565,371	74,752,817	73,923,927
Total Assets	\$78,168,168	\$78,151,151	\$12,591,744	\$12,892,982	\$90,759,912	\$91,044,133
Liabilities And Net Assets						
Current Liabilities	1,771,171	1,913,529	827,997	1,093,355	2,599,168	3,006,884
Noncurrent Liabilities	4,359,927	4,581,112	220,248	123,894	4,580,175	4,705,006
Total Liabilities	6,131,098	6,494,641	1,048,245	1,217,249	7,179,343	7,711,890
Net Assets:						
Invested in Capital Assets						
Net of Related Debt	44,191,977	46,424,319	6,515,021	6,416,978	50,706,998	52,841,297
Invested in Joint Venture						
Net of Related Debt	16,477,255	16,556,534			16,477,255	16,556,534
Restricted	1,871,384	2,220,460	974,208	1,000,429	2,845,592	3,220,889
Unrestricted	9,496,454	6,455,197	4,054,270	4,258,326	13,550,724	10,713,523
Total Net Assets	\$72,037,070	\$71,656,510	\$11,543,499	\$11,675,733	\$83,580,569	\$83,332,243

Total Net Assets for the FYE 6/30/05 were \$83,332,243, representing a decrease of \$248,326. This was a result of many factors including a decrease in State shared revenue and rising employee benefit costs.

Total Net Assets for the FYE 6/30/04 were restated to reflect the City's equity interest in the South Huron Valley Utility Authority.

Changes in Net Assets for the two years ended June 30, 2004 & 2005:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2004	2005	2004	2005	2004	2005
Revenues						
Charges for Services	\$ 1,523,727	\$ 2,286,363	\$ 2,794,463	\$ 2,425,235	\$ 4,318,190	\$ 4,711,598
Operating Grants & Contributions	381,361	358,759			381,361	358,759
Property taxes	8,516,806	8,788,820			8,516,806	8,788,820
State-Shared Revenues	1,967,520	1,950,511			1,967,520	1,950,511
Unrestricted Investment Earnings	131,493	246,275	56,606	110,171	188,099	356,446
Franchise Fees	141,947	131,710			141,947	131,710
Miscellaneous	208,113	172,333	23,388		231,501	172,333
Total Revenues	12,870,967	13,934,771	2,874,457	2,535,406	15,745,424	16,470,177
Program Expenses						
Including Indirect Expenses						
General Government	3,178,952	5,437,163			3,178,952	5,437,163
Public Safety	5,875,669	5,911,974			5,875,669	5,911,974
Public Works	2,214,184	1,998,756			2,214,184	1,998,756
Health and Welfare	152,140	23,862			152,140	23,862
Community and Economic Devl.	44,683	34,604			44,683	34,604
Recreation and Culture	541,312	716,064			541,312	716,064
Unallocated Interest Expense	266,573	272,187			266,573	272,187
Water and Sewer			2,434,217	2,393,523	2,434,217	2,393,523
Recreational Vehicle Storage			8,203	9,649	8,203	9,649
Motor Pool			827,163	-	827,163	-
Total Expenses	12,273,513	14,394,610	3,269,583	2,403,172	15,543,096	16,797,782
Change in Net Assets						
Before Transfers &						
Special Items (Deficit)	597,454	(459,839)	(395,126)	132,234	202,328	(327,605)
Special Items						
Change in Joint Ventures	89,855	79,279			89,855	79,279
Gain on Sale of Assets			8,204	-	8,204	-
Change in Net Assets						
After Transfers &						
Special Items (Deficit)	\$ 687,309	\$ (380,560)	\$ (386,922)	\$ 132,234	\$ 300,387	\$ (248,326)

Comments on Budget Comparison

- General fund budget expenditures compared to actual varied slightly from line item to line item with the ending actual balance being \$1,526,960 less than budget or approximately 12.3%.

General Fund Revenue

The majority of revenue was derived from tax collections and state shared revenues. Some miscellaneous revenue is received from interest income, recreation fees, district court revenue, licenses and fees, rents and royalties.

Business-Type Activities. Business-type activities had an increase in net assets of \$132,234. Key elements of this increase are as follows.

- Charges for services decreased by \$369,228.
- Expenses were decreased by \$866,411. The major change was a transfer of Motor Pool charges to governmental activities..
- Decrease in usage of customers of the City's water and sewer department along with an increase in permits and fees.

Financial Analysis of the Government's Funds

As noted earlier, the City of Woodhaven uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Woodhaven's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Woodhaven's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Woodhaven's governmental funds reported combined ending fund balances of \$8,910,119 an increase of \$661,955 in comparison with the prior year. \$5,569,265 constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) the subsequent year budget, 2) prepaid expenditures, 3) other various restrictions and designations.

The general fund is the chief operating fund of the City of Woodhaven. At the end of the current fiscal year, unreserved fund balance of the general fund was \$2,463,571, while total fund balance reached \$5,804,425. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures.

Proprietary funds. The City of Woodhaven's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water and Sewer fund at the end of the year amounted to \$4,154,544. Other factors concerning the finances of this fund has already been addressed in the discussion of the City of Woodhaven's business-type activities.

Budget Allocation

The General Fund pays for most of the City's governmental services. The most significant are police and fire, which incurred expenses of approximately \$5.7 million in 2005, not including health insurance and retirement contributions. Other government services accounted for in the General Fund includes general government (City Clerk, Administration, Treasurer) Department of Public Service and Recreation. General Fund expenditures decreased by approximately \$549,000 due to decreases in debt service and building inspections costs which are now accounted for in newly created funds.

62.7% of the City's General Fund is devoted to the wages and benefits, while 33.9% of the General Fund is allocated to the current operating expenditures. The remainder of the budget, approximately 3.4%, was expended for debt service of the South Huron Valley Utility Authority.

Budgetary Implications

The budget is impacted by a number of factors that are outside the City's control. The City in recent years has experienced a decline in the State Shared Revenues received by the State of Michigan. Those State Shared revenues have a significant impact on the ability of the City to provide much needed services to its citizens. Additionally, the City has experienced an increase in the health care premiums for its employee's as well as its eligible retiree's.

Due to Proposal A limitations and the Headlee Amendment, the growth of tax revenues other than property transfers is limited to the consumer Price Index (CPI) for the corresponding year. Lastly, the City has experienced a 3% increase in employee wages due to present Union Contracts that are presently in place.

Capital Asset and Debt Administration

Capital assets. The City of Woodhaven's investment in capital assets for its governmental and business type activities as of June 30, 2005 amounts to \$57,367,393 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, furniture and fixtures, park facilities, roads, highways, and bridges. The total decrease in the City of Woodhaven's investment in capital assets for the current fiscal year was 1 percent, which resulted primarily from the current year depreciation expense.

Major capital asset events during the current fiscal year included the following:

- Construction proceeded on the new animal shelter with a projected cost of \$413,000.
- Installations of water meters amounting to \$115,358 were installed in the city to improve the efficiency of the water distribution system.

The following information represents data about capital assets. More detailed information about capital assets can be found in Note 4 to the financial statements. Total depreciation expense for the year was \$1,181,933 for governmental activities and \$290,824 for business activities.

City of Woodhaven's Capital Assets
(Net of Depreciation)

	Governmental Activities	Business-Type Activities	2005 Total	2004 Total
Land	\$ 31,615,955	\$ 11,500	\$31,627,455	\$31,627,455
Buildings	8,923,862	408,801	9,332,663	9,481,844
Site improvements	222,967	17,848	240,815	258,797
Vehicles & equipment	1,150,862	-	1,150,862	1,318,519
Furniture & fixtures	50,899	15,074	65,973	84,381
Infrastructure	8,837,477	6,112,148	14,949,625	15,504,566
Totals	\$ 50,802,022	\$ 6,565,371	\$57,367,393	\$58,275,562

The following table presents information regarding the outstanding debt:

The large decrease in general obligation debt for the governmental activities was due to the recognition of a joint venture investment reported in the Statement of Net Assets.

	Governmental Activities	Business-Type Activities	2005 Total	2004 Total
General Obligation Bonds	\$ 2,900,000	\$ -	\$ 2,900,000	\$ 6,042,556
Notes Payable	1,477,703	148,393	1,626,096	1,526,008
Compensated Absences	726,904	69,708	796,612	590,058
Totals	\$ 5,104,607	\$ 218,101	\$ 5,322,708	\$ 8,158,622

Economic Factors and Next Year's Budget

General Fund budget expenditures are expected to increase 4.69% to \$12,963,754. The incremental increases in wages, benefits, and debt repayment will have the most significant impact on the 2005 - 2006 budget as well as future operating budgets.

The City is obligated with seven other local communities for the construction of an equalization basin as part of the South Huron Valley Utility Authority to control excess sewage flow during peak water events. The City's obligation to this project in 2005 - 2006 is \$417,787 for payments on the Authority's outstanding bonds. Additionally, the City has agreed to a joint venture with the City of Trenton to construct and operate an animal shelter. The animal shelter will begin operating in the 2005 - 2006 fiscal year. The cost of debt and operation will be shared equally by each community. The cost to construct the shelter will be approximately \$412,000.

The City is anticipating further reductions to State shared revenue, due to the State of Michigan attempting to reduce their budget deficits. If further reductions take place, the City is prepared to make necessary adjustments in its general fund budget to offset the reduction.

The City is increasing its millage rate currently at 17.07 to 18.33 for 2005 - 2006. The City maintained the water and sewer rates at \$3.87 per thousand gallons.

Contacting the City's Management

This financial report is intended to provide citizens, taxpayers, customers and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. For additional questions about this report or additional information, requests should be directed to the City Administrator (734) 675-4932 or mail to 21869 West Road, Woodhaven, MI 48183.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Woodhaven
Statement of Net Assets
June 30, 2005

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Unit Downtown Dev. Authority
Assets				
Current Assets:				
Cash	\$ 1,014,047	\$ 756,937	\$ 1,770,984	\$ 24,887
Cash Equivalents	6,352,168	4,077,869	10,430,037	2,106,720
Receivables				
Taxes Receivable	496,720	-	496,720	-
Accounts Receivable	46,799	352,914	399,713	-
Accrued Interest	2,251	6,791	9,042	433
Other Governments	550,992	-	550,992	-
Due From Agency Funds	33,743	-	33,743	-
Inventory	3,294	128,800	132,094	-
Prepaid Expenditures	72,121	3,871	75,992	-
Total Current Assets	8,572,135	5,327,182	13,899,317	2,132,040
Restricted Assets:				
Cash and Cash Equivalents	2,220,460	1,000,429	3,220,889	-
Total Restricted Assets	2,220,460	1,000,429	3,220,889	-
Noncurrent Assets:				
Capital Assets Not Being Depreciated	31,615,955	11,500	31,627,455	-
Capital Assets Being Depreciated	54,203,466	12,107,781	66,311,247	-
Less Accumulated Depreciation	(35,017,399)	(5,553,910)	(40,571,309)	-
Investment in Joint Venture - SHVUA	15,981,138		15,981,138	-
Investment in Joint Venture - 33rd District Court	575,396		575,396	-
Total Noncurrent Assets	67,358,556	6,565,371	73,923,927	-
Total Assets	78,151,151	12,892,982	91,044,133	2,132,040

The accompanying notes are an integral part of the financial statements.

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	Activities	Activities		Downtown Dev. Authority
Liabilities				
Current Liabilities:				
Accounts Payable	179,477	176,789	356,266	-
Accrued Salaries Payable	87,827	7,029	94,856	-
Due to Retirement Fund	1,124,970	72,417	1,197,387	-
Accrued Interest Payable	46,243	-	46,243	-
Internal Balances, Governmental & Business-type	(48,483)	48,483	-	-
Deposits Payable	-	694,430	694,430	-
Current Portion of Compensated Absences	230,709	23,236	253,945	-
Current Portion of Notes Payable	242,786	70,971	313,757	-
Current Portion of Bonds Payable	50,000	-	50,000	-
Total Current Liabilities	1,913,529	1,093,355	3,006,884	-
Noncurrent Liabilities:				
Compensated Absences	496,195	46,472	542,667	-
Notes Payable	1,234,917	77,422	1,312,339	-
Bonds Payable	2,850,000	-	2,850,000	-
Total Noncurrent Liabilities	4,581,112	123,894	4,705,006	-
Total Liabilities	6,494,641	1,217,249	7,711,890	-
Net Assets:				
Invested in Capital Assets Net of Related Debt	46,424,319	6,416,978	52,841,297	-
Invested in Joint Ventures Net of Related Debt	16,556,534		16,556,534	
Restricted for:				
Debt Service	324,557	365,281	689,838	-
Capital Projects	1,056,925	635,148	1,692,073	-
Other	838,978		838,978	-
Unrestricted	6,455,197	4,258,326	10,713,523	2,132,040
Total Net Assets	\$ 71,656,510	\$ 11,675,733	\$ 83,332,243	\$ 2,132,040

The accompanying notes are an integral part of the financial statements.

City of Woodhaven
Statement of Activities
Year Ended June 30, 2005

Functions/programs	Net (Expense) Revenue and Changes in Net Assets					
	Program Revenues			Primary Government		Component Unit
	Expenses	Charges for Services	Operating Grants & Contributions	Governmental Activities	Business-Type Activities	
Governmental activities:						
General Government	\$ 5,437,163	\$ 1,761,276	-	(\$ 3,675,887)	-	(\$ 3,675,887)
Public Safety	5,911,974	330,735	188,496	(5,392,743)	-	(5,392,743)
Public Works	1,998,756	-	-	(1,998,756)	-	(1,998,756)
Health and Welfare	23,862	-	-	(23,862)	-	(23,862)
Community and Economic Devl.	34,604	-	-	(34,604)	-	(34,604)
Recreation and Culture	716,064	194,352	170,263	(351,449)	-	(351,449)
Unallocated Interest Expense	272,187	-	-	(272,187)	-	(272,187)
Total Governmental Activities	14,394,610	2,286,363	358,759	(11,749,488)	-	(11,749,488)
Business-type activities:						
Water and Sewer	2,393,523	2,406,245	-	-	12,722	12,722
Recreational Vehicle Storage	9,649	18,990	-	-	9,341	9,341
Total Business-type activities	2,403,172	2,425,235	-	-	22,063	22,063
Total primary government	\$ 16,797,782	\$ 4,711,598	\$ 358,759	(\$ 11,749,488)	\$ 22,063	(\$ 11,727,425)
Component unit:						
Downtown Development Auth.	\$ 68,229	-	-	-	-	(68,229)
	\$ 68,229	-	-	-	-	(68,229)

The accompanying notes are an integral part of the financial statements.

Functions/programs	Net (Expense) Revenue and Changes in Net Assets				
	Program Revenues		Primary Government		Component
	Expenses	Charges for Services	Operating Grants & Contributions	Governmental Activities	Unit
				Business-Type Activities	Downtown Dev. Authority
				Total	
General Revenues:					
Property taxes				8,788,820	773,052
State-Shared Revenues				1,950,511	-
Unrestricted Investment Earnings				246,275 \$	34,399
Franchise Fees				131,710	-
Miscellaneous				172,333	4,057
Special Item - Change in SHVUA Joint Venture				(8,076)	-
Special Item - Change in 33rd D.C. Joint Venture				87,355	-
Total General Revenues				11,368,928	811,508
Change in Net Assets				(380,560)	743,279
Net Assets, Beginning of Year				72,037,070	1,388,761
Net Assets, End of Year				\$ 71,656,510 \$ 11,675,733 \$	\$ 2,132,040

FUND FINANCIAL STATEMENTS

City of Woodhaven
Balance Sheet
Governmental Funds
June 30, 2005

	General Fund	Major Highway Fund	Local Highway Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets:						
Cash	\$ 651,391	\$ 128,509	\$ 12,629	-	\$ 192,872	\$ 985,401
Cash Equivalents	3,118,274	1,265,924	464,833	\$ 275,248	716,919	5,841,198
Receivables:						
Taxes Receivable	496,720	-	-	-	-	496,720
Accounts Receivable	46,799	-	-	-	-	46,799
Accrued Interest	1,910	44			201	2,155
Other Governments	442,707	65,802	32,483	-	10,000	550,992
Due From Other Funds	92,226	27,300	-	-	-	119,526
Prepaid Expenses	39,047	-	-	-	-	39,047
Restricted Assets:						
Cash & Cash Equivalents	2,220,460	-	-	-	-	2,220,460
Total Assets	\$ 7,109,534	\$ 1,487,579	\$ 509,945	\$ 275,248	\$ 919,992	\$ 10,302,298
Liabilities and Fund Balances						
Liabilities:						
Accounts Payable	129,392	1,536	504	-	43,618	175,050
Accrued Payroll	81,930	-	-	-	4,112	86,042
Due To Other Funds	1,093,787	-	27,300	-	10,000	1,131,087
Total Liabilities	1,305,109	1,536	27,804	-	57,730	1,392,179
Fund Balances:						
Reserve For:						
Prepaid Expenditures	39,047					39,047
Restricted Reserves	2,220,460	-	-	-	-	2,220,460
Designated - General Obligation Debt	581,347	-	-	-	-	581,347
Designated Subsequent Year	500,000	-	-	-	-	500,000
Undesignated	2,463,571	1,486,043	482,141	275,248	862,262	5,569,265
Total Fund Balances	5,804,425	1,486,043	482,141	275,248	862,262	8,910,119
Total Liabilities and Fund Balances	\$ 7,109,534	\$ 1,487,579	\$ 509,945	\$ 275,248	\$ 919,992	\$ 10,302,298

The accompanying notes are an integral part of the financial statements.

Total Governmental Fund Balances

8,910,119

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are financial resources and are not reported in the funds

The cost of capital assets is

85,819,421

Accumulated depreciation is

(35,017,399)

50,802,022

Internal service fund assets and liabilities are included in governmental activities in the statement of net assets.

Internal service fund assets

1,146,919

Internal service fund liabilities

(37,395)

Internal service fund capital assets, net of depreciation

(570,839)

538,685

Investments in Joint Ventures, SHVUA & 33rd District Court

16,556,534

Long term liabilities are not due and payable in the current period and are not reported in the funds

Compensated absences and severance benefits

(726,904)

Long term obligations

(4,377,703)

Accrued interest payable is not included as a liability in governmental funds

(46,243)

Net assets of governmental activities

\$ 71,656,510

The accompanying notes are an integral part of the financial statements.

City of Woodhaven
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
June 30, 2005

	General Fund	Major Highway Fund	Local Highway Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 8,788,820	-	-	-	-	\$ 8,788,820
Interest Income	187,483	\$ 23,350	\$ 9,407	\$ 3,986	\$ 12,214	236,440
Federal Grants	-	-	-	-	170,263	170,263
State Sources	1,279,137	406,832	264,542	-	-	1,950,511
Program Fees	-	-	-	-	650,536	650,536
Licenses	27,055	-	-	-	-	27,055
Franchise Fees	131,710	-	-	-	-	131,710
Other Revenues	1,243,183	-	-	-	176,404	1,419,587
Total Revenues	11,657,388	430,182	273,949	3,986	1,009,417	13,374,922
Expenditures:						
Current:						
Wages and Benefits	6,806,801	17,996	238,126	-	360,646	7,423,569
Operating Expenses	3,680,630	39,633	623,836	-	189,596	4,533,695
Capital Outlay	-	-	-	244,623	96,091	340,714
Debt Payments:						
Principal	291,640	-	-	-	247,844	539,484
Interest	77,061	-	-	-	184,512	261,573
Total Expenditures	10,856,132	57,629	861,962	244,623	1,078,689	13,099,035
Excess (Deficiency) of Revenues Over Expenditures	801,256	372,553	(588,013)	(240,637)	(69,272)	275,887
Other Financing Sources (Uses):						
Transfer from Major Highway	-	-	311,708	-	-	311,708
Transfer from General Fund	-	-	-	-	434,512	434,512
Transfer to Local Highway	-	(311,708)	-	-	-	(311,708)
Transfer to Internal Service	(25,998)	-	-	-	-	(25,998)
Transfer to Debt Service	(434,512)	-	-	-	-	(434,512)
Financing Proceeds	-	-	-	412,066	-	412,066
Total Other Financing Sources (Uses):	(460,510)	(311,708)	311,708	412,066	434,512	386,068
Net Change in Fund Balances	340,746	60,845	(276,305)	171,429	365,240	661,955
Fund Balances						
Beginning of Year	5,463,679	1,425,198	758,446	103,819	497,022	8,248,164
End of Year	\$ 5,804,425	\$ 1,486,043	\$ 482,141	\$ 275,248	\$ 862,262	\$ 8,910,119

The accompanying notes are an integral part of the financial statements.

City of Woodhaven
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
Year Ended June 30, 2005

Net change in fund balances total governmental funds	\$ 661,955
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures in the statement of activities. These costs are allocated over their estimated useful lives as depreciation. Losses and gains on disposals of assets are not used in governmental funds.

Depreciation expense, excluding internal service depreciaton	(938,230)
Capital outlay	340,714

Repayments of principal on long-term debt is an expenditure in the governmental funds, but not in the statement of activities (where it is a reduction of liabilities)

Repayments of SHVUA debt principal	539,484
Accrued interest payable beginning of the year	(291,640)
Accrued interest payable end of the year	36,475
	(46,243)

Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when the financial resources are used in the governmental funds:

Accrued compensated absences beginning of the year	541,092
Accrued compensated absences end of the year	(726,904)
Accrued compensated absences internal service fund	34,776

Proceeds from debt issues are an other financing source in the funds, but a debt issue increases long-term liabilities in the Statement of Net Assets

Net revenue of internal service fund reported in governmental activities	(412,066)
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Change in joint venture investments	(199,252)
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Change in net assets of governmental activities	79,279
	(\$ 380,560)

The accompanying notes are an integral part of the financial statements.

City of Woodhaven
Statement of Net Assets
Proprietary Funds
June 30, 2005

	Business-type Activities Enterprise Funds			Governmental Activities
	Water & Sewer	Recreational Vehicle Storage	Total	Internal Service
Assets				
Current Assets:				
Cash	\$ 732,273	\$ 24,664	\$ 756,937	\$ 24,945
Cash equivalents	3,994,234	83,635	4,077,869	514,671
Accounts receivable - net of allowances	352,914	-	352,914	-
Accrued interest receivable	6,791	-	6,791	96
Inventory	128,800	-	128,800	3,294
Prepaid expenses	3,871	-	3,871	33,074
Total Current Assets	5,218,883	108,299	5,327,182	576,080
Restricted Assets:				
Restricted cash equivalents	1,000,429	-	1,000,429	-
Total Restricted Assets	1,000,429	-	1,000,429	-
Noncurrent Assets:				
Capital assets	12,086,376	32,905	12,119,281	3,381,224
Less accumulated depreciation	5,548,635	5,275	5,553,910	2,810,385
Total Noncurrent Assets	6,537,741	27,630	6,565,371	570,839
Total Assets	\$ 12,757,053	\$ 135,929	\$ 12,892,982	\$ 1,146,919

The accompanying notes are an integral part of the financial statements.

	Business-type Activities Enterprise Funds			Governmental Activities
	Recreational			Internal Service
	Water & Sewer	Vehicle Storage	Total	
Liabilities				
Current Liabilities:				
Accounts payable	\$ 176,704	\$ 85	\$ 176,789	\$ 4,426
Accrued payroll	6,881	148	7,029	1,785
Due to general fund	44,199	4,284	48,483	
Due to retirement fund	72,417	-	72,417	31,184
Deposits payable	694,430	-	694,430	-
Note payable-current portion	70,971	-	70,971	-
Compensated absences-current portion	23,236	-	23,236	-
Total Current Liabilities	1,088,838	4,517	1,093,355	37,395
Noncurrent Liabilities:				
Note payable	\$ 77,422	-	\$ 77,422	-
Compensated absences payable	46,472	-	46,472	-
Total Noncurrent Liabilities	123,894	-	123,894	-
Total Liabilities	1,212,732	4,517	1,217,249	37,395
Net Assets:				
Invested in capital assets, net of related debt	6,389,348	27,630	6,416,978	570,839
Restricted for debt, depreciation, and super sewer	1,000,429	-	1,000,429	-
Unrestricted	4,154,544	103,782	4,258,326	503,909
Total Net Assets	\$ 11,544,321	\$ 131,412	\$ 11,675,733	\$ 1,074,748

The accompanying notes are an integral part of the financial statements.

City of Woodhaven
Statement of Revenues, Expenses
And Changes in Net Assets
Proprietary Funds
June 30, 2005

	Business-type Activities Enterprise Funds			Governmental Activities
	Recreational			Internal
	Water & Sewer	Vehicle Storage	Total	Service
Operating Revenues:				
Charges for services	\$ 2,406,245	\$ 18,990	\$ 2,425,235	\$ 531,681
Miscellaneous	-	-	-	18,335
Total Operating Revenues	<u>2,406,245</u>	<u>18,990</u>	<u>2,425,235</u>	<u>550,016</u>
Operating Expenses:				
Wages and benefits	667,388	7,184	674,572	257,762
Operations and maintenance	1,428,441	1,368	1,429,809	290,550
Depreciation	289,727	1,097	290,824	243,703
Interest	7,967	-	7,967	846
Total Operating Expenses	<u>2,393,523</u>	<u>9,649</u>	<u>2,403,172</u>	<u>792,861</u>
Net Operating Income (Loss)	<u>12,722</u>	<u>9,341</u>	<u>22,063</u>	<u>(242,845)</u>
Nonoperating Revenue:				
Gain on disposal of equipment	-	-	-	7,760
Transfer from General Fund				25,998
Interest on investments	108,516	1,655	110,171	9,835
Total Nonoperating Revenue	<u>108,516</u>	<u>1,655</u>	<u>110,171</u>	<u>43,593</u>
Change in Net Assets	121,238	10,996	132,234	(199,252)
Total Net Assets, beginning of year	11,423,083	120,416	11,543,499	1,274,000
Total Net Assets, end of year	<u>\$ 11,544,321</u>	<u>\$ 131,412</u>	<u>\$ 11,675,733</u>	<u>\$ 1,074,748</u>

The accompanying notes are an integral part of the financial statements.

City of Woodhaven
Proprietary Fund Type Statements of Cash Flows
For the Year Ended June 30, 2005

	Business-type Activities Enterprise Funds			Governmental Activities
	Water & Sewer	Recreational Vehicle Storage	Total	Internal Service
Cash flows from operating activities:				
Cash received from customers	\$ 2,471,160	\$ 18,990	\$ 2,490,150	\$ -
Cash paid to suppliers	(1,253,593)	(1,282)	(1,254,875)	(298,224)
Cash paid to employees	(665,285)	(7,037)	(672,322)	(255,970)
Cash received from interfund services provided		4,284		600,488
Cash paid for internal services used	(113,804)	-	(113,804)	
Net cash provided by operating activities	438,478	14,955	449,149	46,294
Cash flows from capital and related financing activities:				
Transfer from other funds	-	-	-	25,998
Proceeds from sale of assets	-	-	-	7,760
Purchases of capital assets	(115,359)	-	(115,359)	(108,516)
Principal paid on capital debt	(77,423)	-	(77,423)	(36,712)
Interest paid on capital debt	(7,967)	-	(7,967)	(846)
Net cash (used) for capital and related financing activities	(200,749)	-	(200,749)	(112,316)
Cash flows from investing activities				
Proceeds from sale of investments	109,951	-	-	35,318
Purchase of investments	(1,534)	-	-	
Interest and dividends	104,840	1,655	106,495	10,078
Net cash provided (used) by investing activities	214,791	121	106,495	45,396
Net increase (decrease) in cash and cash equivalents	452,520	15,076	467,596	(20,626)
Cash at beginning of year	279,753	9,588	289,341	45,571
Cash at end of year	<u>\$ 732,273</u>	<u>\$ 24,664</u>	<u>\$ 756,937</u>	<u>\$ 24,945</u>

The accompanying notes are an integral part of the financial statements.

	Business-type Activities Enterprise Funds			Governmental Activities
	Recreational			Internal
	Water & Sewer	Vehicle Storage	Total	Service
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 12,722	\$ 9,341	\$ 22,063	\$ (242,845)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	289,727	1,097	290,824	243,703
Interest paid on capital debt	7,967	-	7,967	846
Accrued sick pay	4,305	-	4,305	1,213
Changes in assets and liabilities:				
Accounts receivable	(69,148)	-	(69,148)	-
Inventory	(50,281)	-	(50,281)	-
Due from other funds	-	-	-	50,474
Prepaid expenses	5,581	-	5,581	(9,843)
Accounts and other payables	53,944	85	54,029	2,169
Accrued payroll / taxes	2,103	148	2,251	579
Deposits payable	134,063	-	134,063	-
Due to other funds	47,495	4,284	51,779	-
Net cash provided by operating activities	\$ 438,478	\$ 14,955	\$ 453,433	\$ 46,296

The accompanying notes are an integral part of the financial statements.

City of Woodhaven
Statement of Net Assets
Fiduciary Funds
June 30, 2005

	Pension Trust Funds	Agency Funds
Assets:		
Cash & Cash Equivalents	\$ -	\$ 1,974,715
Investments	16,077,935	-
Accrued Interest & Dividends	72,060	354
Due From Other Funds	1,251,413	
Total Assets	<u>\$ 17,401,408</u>	<u>\$ 1,975,069</u>
 Liabilities and Net Assets		
Liabilities:		
Due to General Fund	-	\$ 33,743
Due to Retirement Fund	-	54,025
Deferred Revenue	-	42,518
Taxes Payable	-	1
Bond Compliance Deposits	-	1,233,265
Obligations to Employees		
Retirees Benefits	-	611,517
Total Liabilities	<u>-</u>	<u>\$ 1,975,069</u>
 Net Assets:		
Net Assets Held in Trust	<u>\$ 17,401,408</u>	
Total Net Assets	<u>\$ 17,401,408</u>	

The accompanying notes are an integral part of the financial statements.

City of Woodhaven
Statement of Changes in Net Assets
Fiduciary Funds
Year Ended June 30, 2005

	Pension Trust Funds
ADDITIONS:	
Contributions	
Employer	\$ 1,014,712
Plan member	237,438
Total contributions	<u>1,252,150</u>
Investment Income	
Net appreciation (depreciation) in fair value of investments	72,770
Interest and dividends	677,274
Gain (loss) on sale of investments	66,513
Total investment income	<u>816,557</u>
Accrued contributions	76,297
Less investment expense	<u>53,814</u>
TOTAL ADDITIONS	<u>2,091,190</u>
DEDUCTIONS:	
Benefits	<u>1,020,418</u>
TOTAL DEDUCTIONS	<u>1,020,418</u>
CHANGE IN NET ASSETS	1,070,772
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
Beginning of Year	16,330,636
End of Year	<u><u>\$ 17,401,408</u></u>

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2005

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Woodhaven, Michigan is a municipal corporation governed by an elected mayor and six-member council. The accompanying financial statements present the government and its component unit, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the government's operations. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Discretely Presented Component Unit

The component unit column in the combined financial statements includes the financial data of the City's component unit.

Fund

Year End

City of Woodhaven Downtown Development Authority June 30, 2005

All of the financial information was derived from audited annual financial statements. The Downtown Development Authority adopts the modified accrual basis of accounting.

Act 197 of Public Acts of 1975 of the State of Michigan, commonly referred to as the Downtown Development Authority Act, was created in part to correct and prevent deterioration of business districts; to promote economic growth and revitalization; to encourage historic preservation; to authorize the acquisition and disposal of interests in real and personal property; to authorize the creation of the authority; to authorize the levy and collection of taxes, the issuance of bonds and the use of tax increment financing in the accomplishment of specific downtown development activities contained in locally-adopted development plans.

The Act seeks to attack problems of urban decline, strengthen existing areas and encourage new private developments in the downtown districts of Michigan communities. It seeks to accomplish this goal by providing communities with the necessary legal, monetary and organizational tools to revitalize downtown districts either through public-initiated projects or in concert with privately motivated development projects. The manner in which downtown development authorities chose to make use of these tools does, of course, depend on the problems and opportunities facing each particular downtown district and the development priorities sought by the community in the revitalization of its business area.

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2005
(continued)

B. Adoption of equity method for investment in Joint Venture: South Huron Valley Utility Authority

During the fiscal period 2005, the City was able to determine the amount of their joint venture equity interest in the South Huron Valley Utility Authority. As a result of this determination of their equity interest, the City restated the amount reported in the net assets of government-wide financial statements.

The following table shows the beginning net assets related for the effects of the implementation of the equity method for the City's investment in the Joint Venture:

Net Assets, Governmental Activities, including	
Internal Service Fund, July 1, 2004	\$ 52,939,047
Change in Net Assets, Investment in Joint Venture	<u>19,098,023</u>
Restated Net Assets, July, 1, 2004	<u>\$ 72,037,070</u>

C. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2005
(continued)

Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

D. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City of Woodhaven reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

The *Major Highway Fund* is a special revenue fund used to account for funds used for major highway projects.

The *Local Highway Fund* is a special revenue fund used to account for funds used for local highway projects.

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2005
(continued)

The *Capital Improvement Fund* is used to account for the acquisition and construction of major capital facilities other than those financed by business-type funds and trust funds.

The City has the following major business-type fund:

Water and Sewer is used to account for operations (a) that are financed and operated in a manner similar to private business enterprise – where the intent of the governing body is that the costs expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The City also has an Internal Service Fund. The Internal Service Fund is used to account for motor vehicle services provided to all City departments by the Motor Pool.

Additionally, the City of Woodhaven reports the following fund types:

Fiduciary Funds account for assets held by the government in a trustee capacity or as an agent on behalf of others.

Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the government holds for others in an agency capacity.

The Pension Trust Funds (Defined Benefit and Defined Contribution) accounts for the activities of the municipal employees retirement system, which accumulates resources for pension, benefit payments.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the opinion of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's internal service function and various other functions of the

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2005
(continued)

government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) changes to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer fund, and of the government's internal service funds are changes to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

E. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The City reports its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and GASB Statement No. 40, *Deposit and Investment Risk Disclosure*. Under these standards, certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the City intends to hold the investment until maturity.

Act 217, P.A. 1982, authorizes the City to deposit and invest in:

1. Bonds and other direct obligations of the United States or its agencies;
2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations, or credit unions insured by the national

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2005
(continued)

credit union administration that are eligible to be depository of surplus money belonging to the State under Section 5 or 6 of Act 105, P.A. 1855, as amended (MCL 21.145 and 21.146);

3. Commercial paper rated at time of purchase within the three highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase and not more than 50 percent of any fund may be invested in commercial paper at any time;
4. United States government or Federal agency obligation repurchase agreements;
5. Banker's acceptance of United States banks;
6. Mutual funds composed of investments, which are legal for direct investments by local units of government in Michigan.

Cash Deposits - Credit Risk:

Cash is held in the name of the City. These deposits are subject to custodial credit risk. This is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City minimizes custodial credit risk on deposits by assessing the credit worthiness of the individual institutions in which it deposits funds. The amount of deposits with each institution is assessed to determine the level of risk it may pose to the City in relation to deposits in excess of insured amounts.

At year-end, the City's carrying amount of deposits restricted and unrestricted were \$19,528,232. The carrying amount consisted of \$9,586,675 in governmental activities, \$5,835,235 in business-type activities, \$2,131,607 in the component unit, and \$1,974,715 in agency funds. The total bank balances were \$19,883,159, of which \$19,383,159 was uninsured and uncollateralized. The City places its deposits with high quality financial institutions. Although such deposits exceed federally insured limits, they are in the opinion of the City, subject to minimal risk.

100% of the City's investments are contained in entities that are within the State of Michigan or considered to be located in the State of Michigan.

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2005
(continued)

The risk categories referred to below are as follows:

1. Insured or registered, or securities held by the City or the City's agent in the City's name.
2. Uninsured and unregistered, with securities held by the Dealer's Trust Department or its agent in the City's name.
3. Uninsured and unregistered, with securities held by the Dealer, or in the Dealer's Trust Department or agent but not in the City's name.

2. Receivables and Payables

In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds). Any residual balances between the governmental activities are reported in the government-wide financial statements as "internal balances."

3. Fund Equity Balances – Restricted Assets

The fund equity balances have been classified to reflect the limitations and restrictions placed on the respective Funds as follows:

Unreserved:

Undesignated - Represents the remainder of the City's equity and uncommitted as of June 30, 2005.

4. Capital Assets

Capital assets include property, plant, and equipment. These are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2005
(continued)

Depreciation on all assets is provided using the straight-line method over the following useful lives:

Buildings	40 years
Site Improvement	20-40 years
Vehicles	5 years
Other Equipment	5-20 years
Furniture & Fixtures	5-15 years
Infrastructure	40 years

5. Compensated Absences (Vacation and Sick Leave)

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. It is the City's policy to permit employees to accumulate a limited amount of earned but unused sick leave, which will be paid to employees upon separation from City service. In governmental and fiduciary funds, the cost of the sick leave is recognized when payments are made and expected within a year. Liability of \$726,904 of accrued sick and vacation leave at June 30, 2005, has been recorded in the government-wide financial statements, representing the "City" commitment to such costs from future operations. Proprietary Funds accrue sick leave in the period it is earned.

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

7. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for the amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2005
(continued)

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

Before June 30, the proposed budget is presented to the government's council for review. The government's council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. The government's manager or the revenue estimates must be changed by an affirmative vote of a majority of the government's council must within the revenues and reserves estimate any changes in the budget as available. The budget, as presented, has been amended. Supplemental appropriations were made during the year with the last one approved prior to June 30.

Expenditures may not legally exceed budgeted appropriations at the activity level. During the fiscal year ended June 30, 2005, expenses exceeded appropriations in five activities in the General Fund.

City Engineer	12,701
Library Commission	41,472
Treasurer	2,160
Cable TV Commission	8,450
Huron Valley WCS	11,518

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2005
(continued)

NOTE 3. RECEIVABLES

Receivables at June 30, 2005 consist of the following:

	<u>General</u>	<u>Major Highway</u>	<u>Local Highway</u>	<u>Block Grant</u>	<u>Building Inspection</u>	<u>Internal Service & Enterprise</u>	<u>Pension Trust</u>	<u>Agency</u>	<u>Total</u>
Receivables:									
Interest	\$ 1,910	\$ 44	\$ -	\$ -	\$ 201	\$ 6,887	\$ 72,060	\$ 354	\$ 81,456
Taxes	496,720	-	-	-	-	-	-	-	496,720
Accounts	46,799	-	-	-	-	352,914	-	-	399,713
Intergov- ernmental	<u>442,707</u>	<u>65,802</u>	<u>32,483</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>550,992</u>
Total Receivables	<u>\$988,136</u>	<u>\$ 65,846</u>	<u>\$ 32,483</u>	<u>\$ 10,000</u>	<u>\$ 201</u>	<u>\$359,801</u>	<u>\$ 72,060</u>	<u>\$ 354</u>	<u>\$ 1,528,881</u>

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2005
(continued)

NOTE 4. CAPITAL ASSETS

Capital asset activity for the City for the current year was as follows:

	<u>Beginning Balances</u>				<u>Ending</u>
	<u>Governmental</u>	<u>Motor Pool</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 31,615,955	\$ -	\$ -	\$ -	\$ 31,615,955
Subtotal	31,615,955	-	-	-	31,615,955
Capital assets being depreciated:					
Buildings	12,399,413		\$ 242,923	\$ (2,995)	12,639,341
Site improvements	338,378	70,462	-	-	408,840
Vehicles & equipment	3,061,967	3,280,606	204,607	(284,038)	6,263,142
Furniture & fixtures	239,155		1,700	(14,126)	226,729
Infrastructure	34,665,414		-	-	34,665,414
Subtotal	50,704,327	3,351,068	449,230	(301,159)	54,203,466
Less Accumulated depreciation for:					
Buildings	(3,340,540)		(377,934)	2,995	(3,715,479)
Site improvements	(131,635)	(36,963)	(17,275)	-	(185,873)
Vehicles & equipment	(2,415,974)	(2,608,079)	(372,265)	284,038	(5,112,280)
Furniture & fixtures	(177,201)		(12,755)	14,126	(175,830)
Infrastructure	(25,426,233)		(401,704)	-	(25,827,937)
Subtotal	(31,491,583)	(2,645,042)	(1,181,933)	301,159	(35,017,399)
Net capital assets being depreciated	19,212,744	706,026	(732,703)	-	19,186,067
Capital assets-net of depreciation	\$ 50,828,699	\$ 706,026	\$ (732,703)	\$ -	\$ 50,802,022

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2005
(continued)

Depreciation was charged to functions as follows:

Governmental activities:

Clerk's Office	\$ 61
Community Activities Building	23,747
Community Relations	115
Department of Public Work	28,025
General Government	326,556
Parks & Recreation	43,594
Public Safety, Fire & Police	148,894
Street Maintenance & Snow Removal	8,886
Treasurer's/Finance	3,257
Unallocated & Infrastructure	598,798
Total governmental activities depreciation expense	<u>\$ 1,181,933</u>

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2005
(continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 11,500	\$ -	\$ -	\$ 11,500
Subtotal	11,500	-	-	11,500
Capital assets being depreciated				
Buildings	579,664	-	-	579,664
Furniture & fixtures	310,102	-	-	310,102
Sewer lines	5,312,370	-	-	5,312,370
Sump Pump Coll. Sys	269,280	-	-	269,280
Vehicles	2,258,972	-	(2,094,581)	164,391
Water mains	4,623,078	-	-	4,623,078
Water meters	712,332	115,358	-	827,690
Machinery & equipment	1,186,025	-	(1,186,025)	-
Site improvements	91,668	-	(70,462)	21,206
Subtotal	15,343,491	115,358	(3,351,068)	12,107,781
Less accumulated depreciaiton for:				
Building	(156,693)	(14,170)	-	(170,863)
Furniture & fixtures	(287,675)	(7,353)	-	(295,028)
Sewer lines	(2,387,896)	(135,817)	-	(2,523,713)
Sump Pump Coll. Sys	(43,072)	(12,305)	-	(55,377)
Vehicles	(1,748,945)	-	1,584,553	(164,392)
Water mains	(1,796,924)	(78,387)	-	(1,875,311)
Water meters	(423,783)	(42,085)	-	(465,868)
Machinery & equipment	(1,023,526)	-	1,023,526	-
Site improvements	(39,614)	(707)	36,963	(3,358)
Subtotal	(7,908,128)	(290,824)	2,645,042	(5,553,910)
Net capital assets being depreciated	7,435,363	(175,466)	(706,026)	6,553,871
Capital assets-net of depreciation	\$ 7,446,863	\$ (175,466)	\$ (706,026)	\$ 6,565,371

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2005
(continued)

Depreciation was charged to functions as follows:

Business-type activities:	
Water	\$ 289,727
Recreational Vehicle Storage	1,097
Total Business-type activities depreciation expense	<u>\$ 290,824</u>

NOTE 5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The amount of interfund receivables and payables are as follows:

	<u>General</u>	<u>Major Highway</u>	<u>Employee Retirement</u>	<u>Total Interfund Payable</u>
General	\$ -	\$ -	\$ 1,093,787	\$ 1,093,787
Local Hwy	-	27,300	-	27,300
Block Grant	10,000	-	-	10,000
Retirees Medical	-	-	54,025	54,025
Water & Sewer	44,199	-	72,417	116,616
Rec. Vehicle	4,284	-	-	4,284
Motor Pool	-	-	31,184	31,184
Trust & Agency	30,197	-	-	30,197
Tax Receiving	3,496	-	-	3,496
Payroll	50	-	-	50
Total Interfund Receivable	<u>\$ 92,226</u>	<u>\$ 27,300</u>	<u>\$ 1,251,413</u>	<u>\$ 1,370,939</u>

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2005
(continued)

The amount of interfund transfers are as follows:

	Transfers In:			
	<u>Local Highway</u>	<u>Debt Service</u>	<u>Internal Service</u>	<u>Total</u>
Transfers Out:				
Major Highway	\$ 311,708	\$ 17,438	\$ -	\$ 329,146
General	-	434,512	25,998	460,510
	<u>\$ 311,708</u>	<u>\$ 451,950</u>	<u>\$ 25,998</u>	<u>\$ 789,656</u>

Note 6. LONG-TERM DEBT

The following is a summary of long-term obligations of the City for the year ended June 30, 2005:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
<u>Bonds Payable</u>					
2002 General Bonds	2,950,000	-	50,000	2,900,000	50,000
Total Bonds	2,950,000	-	50,000	2,900,000	50,000
<u>Notes Payable</u>					
Honeywell Note	1,263,481	-	197,844	1,065,637	207,963
Animal Shelter Note	-	412,066	-	412,066	34,823
Total Notes	1,263,481	412,066	197,844	1,477,703	242,786
Compensated Absences	541,092	366,176	180,364	726,904	230,709
Total	<u>\$ 4,754,573</u>	<u>\$ 778,242</u>	<u>\$ 428,208</u>	<u>\$ 5,104,607</u>	<u>\$ 523,495</u>
Business-Type Activities:					
Water & Sewer Notes	225,816	-	77,423	148,393	70,971
Motor Pool Notes	36,712	-	36,712	-	-
Compensated Absences	48,966	88,506	67,764	69,708	23,236
Total	<u>\$ 311,494</u>	<u>\$ 88,506</u>	<u>\$ 181,899</u>	<u>\$ 218,101</u>	<u>\$ 94,207</u>

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2005
(continued)

General Obligation Bonds. The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for general government activities.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 25-year serial bonds, except for refunding issues, with equal amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>	<u>Term</u>
2002 bonds	3.250%	\$2,900,000	20 years

The annual requirement to service the general obligation bonds including principal and interest are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 50,000	\$ 124,212	\$ 174,212
2007	100,000	122,524	222,524
2008	100,000	119,150	219,150
2009	125,000	115,400	240,400
2010	125,000	110,556	235,556
2011 - 2015	750,000	469,406	1,219,406
2016 - 2020	1,050,000	290,700	1,340,700
2021 - 2025	<u>600,000</u>	<u>42,600</u>	<u>642,600</u>
Total	<u>\$ 2,900,000</u>	<u>\$ 1,394,548</u>	<u>\$ 4,294,548</u>

Amount due within one year: \$50,000

Compensated absences as of June 30, 2005: \$726,904

Amount due within one year: \$230,709

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2005
(continued)

Bank loans:

The City has bank loans for the acquisition of fixed assets. The obligations currently outstanding are as follows:

Note, Honeywell Renovations. Due in monthly installments of \$21,376.39 through February 1, 2010, with interest of 4.93%.

\$1,065,637

Note, Animal Shelter. Due in annual installments of \$50,148.58 through October 11, 2014 with interest of 3.74%.

412,066

\$ 1,477,703

The annual requirements to service the Animal Shelter and Honeywell Notes, including principal and interest are as follows:

Fiscal Year Ending			
<u>June 30,</u>	Principal	Interest	Total
2006	\$ 242,786	\$ 63,880	\$ 306,666
2007	254,639	52,027	306,666
2008	267,100	39,566	306,666
2009	280,314	26,352	306,666
2010	208,070	13,085	221,155
2011 - 2015	224,794	25,830	250,624
Total	<u>\$ 1,477,703</u>	<u>\$ 220,740</u>	<u>\$ 1,698,443</u>

Amount due within one year: \$242,786

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2005
(continued)

Business-Type Activities:

Water and Sewer

The annual requirements to service the water and sewer note including principal and interest are as follows:

Fiscal Year Ending			
<u>June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 70,971	\$ 4,173	\$ 75,144
2007	77,422	1,644	79,066
Total	<u>\$ 148,393</u>	<u>\$ 5,817</u>	<u>\$ 154,210</u>

Compensated absences as of June 30, 2005: \$69,708

Amount due within one year: \$23,236

NOTE 7. POST-RETIREMENT BENEFITS

Post-retirement benefits, other than pension benefits, are provided to police officers and to five former salaried employees of the City of Woodhaven. These benefits consist of health care benefits and are recognized as an expenditure of the General Fund, Water Fund and Motor Pool Fund when premiums are paid. For fiscal year 2004-2005, these premiums totaled \$396,381. These funds for police officers are accounted for within the Retiree's Benefit Fund.

On October 1, 1990 the newly signed A.F.S.C.M.E. (currently TPOAM) union contract for the city workers other than police, fire, and salaried personnel, required the City of Woodhaven, to establish a separate bank account or investment with a beginning balance of \$15,000 to be utilized to pay medical benefits for retired A.F.S.C.M.E. (currently TPOAM) members.

The city was required to pay the initial \$15,000 and the union would provide additional funding through newly hired workers hired subsequent to July 18, 1990. The new hirees would receive only 70% of the established union starting hourly rate for that position. Each year thereafter the new hire would receive an increase of 10% until the 100% is reached. The City will pay this difference in wages paid to new hires as additions to the original established investment. As of June 30, 2005, the balance of this investment account is \$365,454.

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2005
(continued)

NOTE 8. PENSION TRUST FUND

Defined Benefit Plan

A. PLAN DESCRIPTION

The Woodhaven Public Employee Retirement System is a single-employer public employee retirement system (PERS) established May 1, 1971, that administers the City's defined benefit plan for all its full-time municipal employees. As of April 30, 2004, participants in the pension plan consisted of the following:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	52
Current employees:	
Fully vested	<u>48</u>
TOTAL	<u>100</u>

B. FUNDING POLICY

PERS provides retirement benefits as well as death and disability benefits. All benefits vest after 10 years of credited service. Employees who retire at or after age 55 (50 for police officers in the POAM and lieutenants and 55 for AFSCME employees) with 10 years of credited service are entitled to an annual retirement benefit, payable monthly, in an amount equal to the product of years of credited service, not in excess of 30 years at retirement, and 2% (2.5% for non-command and command officers) of average monthly compensation. This rate increased to 2.25% for AFSCME Employees effective October 1, 1993. Employees with 10 years of credited service may retire at or after age 55 (50 for police officers) and receive a reduced retirement benefit.

Both command and non-command police officers in the bargaining units contribute 5.0% of their regular base pay to the PERS. AFSCME employees contribute 3.5% of regular base pay.

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2005
(continued)

C. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS

Basis of Accounting

The financial statements of the pension plan are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed and expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made.

Method Used to Value Investments

The PERS investments are valued at current market prices.

Categories of Asset Risks

The Pension Trust Fund investments are located at the Depository Trust Corporation in New York, in safe deposit at a local bank, and with a brokerage company.

Act 314, P.A. 1965, as amended by Act 31, P.A. 1980, and Act 55, P.A. 1982 allows pension funds to be invested in a wide variety of instruments including: stocks, bonds, certificates of deposit, real estate, annuity contracts, obligations of a specified nature, and real or personal property. Specific limitations apply to the various investment types. The system's investments are categorized to give an indication of the level of risk assumed by the fund at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the system or its agent in the system's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the system's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the system's name. All investments of PERS are classified in Category 1 which bears the least risk.

The Money Market Fund is a temporary investment fund and represents 10 percent of the net assets available for pension benefits. There are no investments in, loans to, or leases with parties related to the pension plan.

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2005
(continued)

Categories of Asset Risks (Continued)

INVESTMENT	1	CATEGORY 2	3	CARRYING VALUE AT 4/30/05	FAIR VALUE AT 4/30/05
Money Market Fund	\$ 1,156,943	\$ -	\$ -	\$ 1,156,534	\$ 1,156,943
Bonds:					
U.S. Govt and State	4,359,750	-	-	4,393,373	4,359,750
Utilities	109,889	-	-	113,602	109,889
Financial	1,520,138	-	-	1,508,250	1,520,138
Industrial	289,040	-	-	284,134	289,040
Other	711,643	-	-	712,395	711,643
Stocks:					
Mutual Funds	6,488,083	-	-	6,074,851	6,488,083
TOTAL INVESTMENTS	\$ 14,635,486	\$ -	\$ -	\$ 14,243,139	\$ 14,635,486

D. FUNDING STATUS AND PROGRESS

The amount shown as "actuarial liability" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is called the "actuarial present value of credited projected benefits" and is intended to help users assess PERS funding status on a going concern basis, assess progress made in accumulating sufficient assets to pay benefits when due and make comparisons among other retirement systems.

Because the City of Woodhaven PERS uses the standardized measure only for disclosing purposes, the measurement is independent of the actuarial computation made to determine contributions to the PERS. The actuarial funding method used to determine contributions to the PERS is explained in Part D of this note.

The actuarial liability was determined as part of an actuarial valuation at April 30, 2005. Significant actuarial assumptions used include (a) rate of return on the investment of present and future assets of 7.25 percent per year after investment expenses, (b) projected salary increases of 6 percent per year compounded annually, and (c) mortality based on the 1983 Male Group Annuity Mortality Table for males, and assuming a six year age set back for females.

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2005
(continued)

At April 30, 2005, the unfunded actuarial liability was \$5,106,300 as follows:

Actuarial liability:

Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits and transferred participants.	\$ 11,131,488
---	---------------

Current Employees:

Active Participants	<u>8,682,358</u>
TOTAL ACTUARIAL LIABILITY	<u>19,813,846</u>

Net assets available for benefits, at

market, excluding voluntary

employee contributions

UNFUNDED ACTUARIAL LIABILITY	<u>14,707,546</u> <u>\$ 5,106,300</u>
------------------------------	--

E. Contributions Required and Contributions Made

Periodic employer contributions to the pension plan are determined on an actuarial basis using the entry age normal cost method. Normal cost is funded on a current basis. The unfunded actuarial accrued liability is funded over a 40 year period from May 1, 1978. Periodic contributions for both normal cost and the amortization of the unfunded actuarial accrued liability are based on the level percentage of payroll method.

Actuarially determined contribution requirements based on an actuarial valuation performed at April 30, 2005 was estimated at \$942,479 (\$815,515 employer and \$126,964 mandatory employee). This contribution requirement consists of \$404,113 normal cost and \$538,366 amortization of the unfunded actuarial accrued liability.

It is the City's practice to make contributions throughout the year based on estimates of the total contribution requirement. Once the actuarial report is issued, usually 6 months after the plan's year-end, the City contributes any additional monies necessary to comply with the actuary's recommendation.

The significant actuarial assumptions used to compute pension contribution requirements are the same as those used to determine the standardized measure of the pension obligation. There were no material changes in the current year in the actuarial assumptions, actuarial funding method, or benefit provisions.

CITY OF WOODHAVEN
RETIREMENT PLAN FOR EMPLOYEES AND POLICEMEN
CALCULATION OF NET PENSION OBLIGATION AT
TRANSITION FOR THE PENSION PLAN

Applicable Actuarial Valuation

As-of Date	Investment Assumption	Amort. Years	Recommended Contribution	Mos. in Fiscal Year	Actual Contribution	Beginning of Year NPO	Annual Pension Cost (APC)	Increase in NPO (9-7)	End of Year NPO (8+10)
(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
5/1/87	7.00%	40	282,745	12	195,083	-	282,745	87,662	87,662
5/1/88	7.00%	40	292,869	12	271,591	87,662	292,403	20,812	108,474
5/1/89	7.00%	40	309,665	12	384,541	108,474	309,001	(75,540)	32,934
5/1/90	7.00%	40	296,602	12	190,458	32,934	296,371	105,913	138,847
5/1/91	7.00%	40	394,209	12	422,291	138,847	393,102	(29,189)	109,658
5/1/92	7.00%	40	428,426	12	330,749	109,658	427,436	96,687	206,345
5/1/93	7.25%	40	457,498	12	457,498	206,345	455,575	(1,923)	204,422
5/1/94	7.25%	40	506,261	12	506,261	204,422	504,097	(2,164)	202,258
5/1/95	7.25%	40	592,270	12	592,270	202,258	589,845	(2,425)	199,833
5/1/96	7.25%	40	582,672	12	582,672	199,833	579,964	(2,708)	197,125
5/1/97	7.25%	40	635,736	12	635,736	197,125	632,723	(3,013)	194,112
5/1/98	7.25%	40	624,977	12	666,471	194,112	621,632	(44,839)	149,273
5/1/99	7.25%	40	611,631	12	746,886	149,273	608,733	(138,153)	11,120
5/1/00	7.25%	40	642,483	12	642,843	11,120	642,240	(603)	10,517
5/1/01	7.25%	40	680,784	12	680,784	10,517	680,524	(260)	10,257
5/1/02	7.25%	40	778,321	12	778,321	10,257	778,036	(285)	9,772
5/1/03	7.25%	40	790,959	12	790,959	9,972	790,645	(314)	9,658
5/1/04	7.25%	40	815,515	12	815,515	9,658	815,170	(345)	9,313
5/1/05	7.25%	40	9,005	12	-	9,313	-	-	-

CITY OF WOODHAVEN
 RETIREMENT PLAN FOR EMPLOYEES AND POLICEMEN
 SCHEDULE OF EMPLOYER CONTRIBUTIONS AS OF MAY 1, 2005

<u>Plan Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contribution</u>
1990	\$ 296,602	64%
1991	394,209	107%
1992	428,426	77%
1993	457,498	100%
1994	329,370	100%
1995	398,862	100%
1996	582,672	100%
1997	635,736	100%
1998	624,977	107%
1999	611,631	122%
2000	642,843	100%
2001	680,784	100%
2002	778,321	100%
2003	790,959	100%
2004	815,515	100%

CITY OF WOODHAVEN
RETIREMENT PLAN FOR EMPLOYEES AND POLICEMEN
SCHEDULE OF FUNDING PROGRESS AS OF MAY 1, 2005

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (a-b)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAL as a Percentage of Covered Payroll ((a-b)/c)
5/1/90	3,156,546	5,368,788	2,212,242	58.79%	1,896,336	116.66%
5/1/91	3,795,647	6,882,091	3,086,444	55.15%	2,079,021	148.46%
5/1/92	4,509,897	7,790,752	3,280,855	57.89%	2,207,687	148.61%
5/1/93	5,317,830	8,850,194	3,532,364	60.09%	2,388,821	147.87%
5/1/94	6,108,086	10,072,234	3,964,148	60.64%	2,476,164	160.09%
5/1/95	6,984,521	11,705,299	4,720,778	59.67%	2,331,645	202.47%
5/1/96	7,958,357	12,463,821	4,505,464	63.85%	2,371,255	190.00%
5/1/97	8,917,684	13,228,186	4,310,502	67.41%	2,607,115	165.34%
5/1/98	10,020,281	14,059,100	4,038,819	71.27%	2,661,926	151.73%
5/1/99	11,178,450	14,984,162	3,805,712	74.60%	2,777,144	137.04%
5/1/00	12,383,239	16,158,182	3,774,943	76.64%	2,968,880	127.15%
5/1/01	13,297,467	17,609,847	4,312,380	75.51%	2,746,305	157.02%
5/1/02	13,901,961	18,418,024	4,516,060	76.00%	2,908,587	155.30%
5/1/03	14,413,268	19,053,138	4,640,170	76.00%	2,723,124	170.40%
5/1/04	15,008,763	19,693,474	4,684,711	76.00%	2,735,525	171.30%
5/1/05	15,644,247	20,750,547	51,063	75.00%	2,862,439	178.40%

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2005
(continued)

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	April 30, 2005
Actuarial Cost Method	Individual Entry Age
Amortization Method	40-year level dollar
Remaining Amortization Period	13 years
Asset Valuation Method	Assets are adjusted to recognize 25% of the balance of changes in realized and unrealized gains and losses. assets are projected by estimated contributions, dividend and interest income, benefit payments and expenses.

Actuarial Assumptions:

Investment rate of return	7.25%
Projected salary increases	6.00%
Cost-of-living adjustments	4.00%

Defined Contribution Plan

A. Plan Description

The City of Woodhaven Defined Contribution Pension Plan was established by the City of Woodhaven to provide benefits at retirement to all general employees and full-time firefighters of the City. At June 30, 2005 there were 37 plan members. Plan members are required to contribute a minimum of 5% of their base pay. The City is required to contribute a minimum of 10% of base pay. Plan provisions and contribution requirements are established and may be amended by the Woodhaven City Council.

B. Significant Accounting Policies

Basis of Accounting. The City of Woodhaven Defined Contribution Retirement Plan financial statements are prepared using the accrual basis of accounting. Employer and plan member contributions are recognized in the period that the contributions are due.

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2005
(continued)

Method Used to Value Investments. Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair values.

NOTE 9. JOINTLY GOVERNED ORGANIZATIONS

South Huron Valley Utility Authority - The City of Woodhaven, along with seven other communities, is a member of the South Huron Valley Utility Authority. The Authority was founded in order to acquire and operate a sewage disposal and wastewater treatment system. The eight communities are represented in the Authority's Board of Commissioners who has the responsibility of reviewing all financial matters of the Authority. The Board of Commissioners is made up of one member from each participating community. The member communities have an entitlement and residual interest in the Authority's net assets. All debt of the Authority is backed by the full faith and credit of its eight member communities. The amounts charged to its members will, by definition, be equal to the Authority's costs of providing sewage transportation and treatment. Therefore, the investment of the City of Woodhaven is reported as, "Investment in Joint Venture - SHVUA" on the statement of net assets of the government-wide statements at 20.9% of the Authority's net assets.

The City's portion of the Authority's outstanding debt at June 30, 2005 is as follows:

	Balance <u>7/1/04</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>6/30/05</u>	Current <u>Portion</u>	Non-Curr <u>Portion</u>
1991 SRF Bonds	1,660,968		222,666	1,438,302	227,180	1,211,123
1998 Expansion Bonds	1,431,588		68,974	1,362,614	72,346	1,290,268
2004 Expansion Bonds	-	2,912,414		2,912,414	-	2,912,414
	<u>3,092,556</u>	<u>2,912,414</u>	<u>291,640</u>	<u>5,713,330</u>	<u>299,525</u>	<u>5,413,805</u>

33rd District Court - The City of Woodhaven, in conjunction with six other communities, created the 33rd District Court. The Court entertains cases of the seven community areas. The seven communities are represented in the Management Council who has the responsibility of reviewing all financial matters of the Court. The Management Council is made up of one member from each participant community. The member communities have an entitlement and residual interest in the Court net assets. This entitlement and residual interest is determined by the annual caseload of the respective community. The annual contribution by each community to the Court's budget is also determined in the same manner. Therefore, the investment of the City of Woodhaven is reported

CITY OF WOODHAVEN
Notes to the Financial Statements
June 30, 2005
(continued)

as, "Investment in Joint Venture - 33rd District Court" on the statement of net assets of the government-wide statements at 18.93% of the court net assets.

NOTE 10 – RISK MANAGEMENT

Risk Management – The City is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for medical benefits claims, and participates in the Michigan Municipal Liability and Property Pool (risk pool) for claims relating to property loss, torts, and errors and omissions; and participates in the Michigan Municipal Workers' Compensation Fund (risk pool) for claims relating to employee injuries (workers' compensation). Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The risk pool programs operate as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts. Both pool programs will be self-sustaining through member premiums.

REQUIRED SUPPLEMENTAL INFORMATION

City of Woodhaven
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budgetary Basis)
General Fund
June 30, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUES FROM TAXES:				
Current tax levy	\$ 8,112,014	\$ 8,112,014	\$ 8,111,396	(\$ 618)
Current tax levy, SHVUA	371,491	371,491	371,439	(52)
Administrative fee	192,042	192,042	196,409	4,367
Mobile home fees	1,500	1,500	2,502	1,002
Interest and penalties/delinquent	12,000	12,000	36,241	24,241
Capital improvement	70,860	70,860	70,833	(27)
Tax collections - Miscellaneous	100	100	-	(100)
TOTAL	8,760,007	8,760,007	8,788,820	28,813

REVENUES FROM LICENSES:

Building permits	307,573	-	-	-
Electrical permits	36,692	-	-	-
Mechanical permits	53,330	-	-	-
Plumbing permits	40,359	-	-	-
Site-plan review fees	10,500	10,500	14,264	3,764
Property split fees	200	200	600	400
Fire inspection fees	1,500	1,500	3,881	2,381
Animal licenses	4,500	4,500	3,914	(586)
Building and engineering review fee	12,165	12,165	-	(12,165)
Miscellaneous permits	3,900	3,600	3,346	(254)
Zoning Board of Appeals	1,050	1,050	1,050	-
TOTAL	471,769	33,515	27,055	(6,461)

REVENUES FROM STATE:

Telecom authority	-	-	29,687	29,687
Sales tax	1,257,925	1,257,925	1,242,606	(15,319)
Liquor license	5,341	5,341	6,844	1,503
TOTAL	1,263,266	1,263,266	1,279,137	15,871

OUTSIDE REVENUE:

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
Telecommunications fees	\$ 7,200	\$ 7,200	\$ 7,200	\$ -
Cable TV - franchise fees	93,195	93,195	131,710	38,515
Cable TV - advisory board	3,180	3,180	2,437	(743)
Cable TV - interest	300	300	851	551
TOTAL	103,875	103,875	142,198	38,323

OTHER REVENUES:

Fines and forfeitures	374,323	374,323	469,330	95,007
Miscellaneous revenue	55,100	55,100	55,219	119
Interest on investments	45,020	45,020	159,033	114,013
Police grant	-	-	26,937	26,937
Retiree medical insurance reimbursement	15,675	15,675	82,674	66,999
Rescue - Fire Dept.	229,825	229,825	327,815	97,990
Use and admission fees - recreation	123,096	123,096	151,546	28,450
Festival revenue	15,000	15,000	19,451	4,451
Interest on Rescue Fund	6,036	6,036	16,043	10,007
Interest on Sick Fund	2,984	2,984	8,900	5,916
4th of July	3,500	3,500	4,770	1,270
DARE Program	1,500	1,500	2,920	1,420
Interest on Salaried Emp Benefits	927	927	2,656	1,729
Park Pavillion	400	400	570	170
Senior Trips	8,785	8,785	3,170	(5,615)
Misc Revenue - Police	25,000	25,000	89,144	64,144
TOTAL	907,171	907,171	1,420,178	513,007
TOTAL REVENUES	\$ 11,506,088	\$ 11,067,834	\$ 11,657,388	\$ 589,553

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
EXPENDITURES:				
Building/Assessor's Department	\$ 357,527	-	-	-
City Attorney	110,500	110,500	107,221	3,279
City Engineer	20,000	20,000	32,701 (12,701)
Justice	371,393	371,393	358,172	13,221
Library Commission	65,000	65,000	106,472 (41,472)
Clerk's Office	230,405	230,405	169,536	60,869
Community Activities Building	185,322	185,322	139,537	45,785
Board of Elections	22,860	22,860	17,002	5,858
Public Safety/Fire	1,425,896	1,425,896	1,391,990	33,906
General Government	1,059,848	1,057,508	810,994	246,514
Planning Commission	40,212	40,212	34,604	5,608
Public Safety/Police	4,937,745	4,937,745	4,371,390	566,355
Department of Public Services	2,305,876	2,305,876	2,003,879	301,997
Recreation Commission	79,458	79,458	39,322	40,136
Recreation Department	453,654	453,654	430,733	22,921
Treasurer's/Finance Department	437,868	437,868	440,028 (2,160)
Cable TV Commission	23,060	25,400	33,850 (8,450)
Huron Valley Waste Control System	357,183	357,183	368,701 (11,518)
Honeywell Debt	256,512	256,512	-	256,512
TOTAL EXPENDITURES	\$ 12,740,319	\$ 12,382,792	\$ 10,856,132	\$ 1,526,660

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUES	\$ 11,506,088	\$ 11,067,834	\$ 11,657,388	\$ 589,554
EXPENDITURES	12,740,319	12,382,792	10,856,132	1,526,660
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(1,234,231)	(1,314,958)	801,256	2,116,214
OTHER FINANCING SOURCES (USES):				
Transfer to other funds	-	-	(460,510)	(460,510)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(460,510)	(460,510)
EXCESS OF REVENUES AND OTHER SOURCES OVER (EXPENDITURES AND OTHER USES)	(1,234,231)	(1,314,958)	340,746	1,655,704
FUND BALANCE, beginning	5,463,679	5,463,679	5,463,679	-
FUND BALANCE, ending	\$ 4,229,448	\$ 4,148,721	\$ 5,804,425	\$ 1,655,704

City of Woodhaven
Statement of Revenues, Expenditures
and Changes in Fund Balance-
Budget and Actual
For the Fiscal Year Ended June 30, 2005

MOTOR VEHICLE HIGHWAY MAJOR STREET FUND			
	ORIGINAL & FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUES:			
Interest on savings and investments	\$ 3,155	\$ 23,350	\$ 20,195
State sources	411,439	406,832	(4,607)
TOTAL REVENUES	414,594	430,182	15,588
EXPENDITURES:			
Street maintenance	295,065	20,167	274,898
Snow removal	4,105	8,339	(4,234)
Other expenditures	23,150	29,123	(5,973)
TOTAL EXPENDITURES	322,320	57,629	264,691
Excess of Revenues (Under) Expenditures	92,274	372,553	280,279
OTHER FINANCING SOURCES (USES):			
Transfers to other funds	(102,869)	(311,708)	(208,839)
TOTAL OTHER FINANCING SOURCES (USES)	(102,869)	(311,708)	(208,839)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (EXPENDITURES AND OTHER USES)	(10,595)	60,845	71,440
FUND BALANCE, beginning	1,425,198	1,425,198	-
FUND BALANCE, ending	\$ 1,301,139	\$ 1,486,043	\$ 184,904

City of Woodhaven
Statement of Revenues, Expenditures
and Changes in Fund Balance -
Budget and Actual
For the Fiscal Year Ended June 30, 2005

MOTOR VEHICLE HIGHWAY LOCAL STREET FUND			
	ORIGINAL & FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUES:			
Interest on savings and investments	\$ 3,155	\$ 9,407	\$ 6,252
State sources	206,493	264,542	58,049
Other revenue			-
TOTAL REVENUES	209,648	273,949	64,301
EXPENDITURES:			
Street maintenance	817,163	585,655	231,508
Snow removal	43,572	38,180	5,392
Other expenditures	201,773	238,127	(36,354)
TOTAL EXPENDITURES	1,062,508	861,962	200,546
Excess of Revenues (Under) Expenditures	(852,860)	(588,013)	264,847
OTHER FINANCING SOURCES (USES):			
Transfers from other funds	102,860	311,708	208,848
TOTAL OTHER FINANCING SOURCES (USES)	102,860	311,708	208,848
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (EXPENDITURES AND OTHER USES)	(750,000)	(276,305)	473,695
FUND BALANCE, beginning	758,446	758,446	-
FUND BALANCE, ending	\$ 8,446	\$ 482,141	\$ 473,695

City of Woodhaven
Statement of Revenues, Expenditures and
Changes in Fund Balance-Budget and Actual (Budgetary Basis)
June 30, 2005

CAPITAL PROJECTS FUND			
ORIGINAL & FINAL BUDGET		ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUE:			
Interest			
TOTAL REVENUE			
\$	1,000	\$ 3,986	\$ 2,986
	1,000	3,986	2,986
EXPENDITURES:			
Capital outlay			
TOTAL EXPENDITURES			
	483,926	244,623	239,303
	483,926	244,623	239,303
REVENUE OVER (UNDER) EXPENDITURES			
	(482,926)	(240,637)	242,289
Other financing sources (uses):			
Proceeds from Loan			
Transfer from General Fund			
TOTAL OTHER FINANCING SOURCES (USES)			
	412,066	412,066	-
	70,860	-	(70,860)
	482,926	412,066	(70,860)
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)			
	-	171,429	171,429
FUND BALANCE, beginning			
FUND BALANCE, ending			
	103,819	103,819	-
\$	103,819	\$ 275,248	\$ 171,429

City of Woodhaven
Statement of Revenues, Expenses, and Changes
In Net Assets - Budget and Actual
For the year Ended June 30, 2005

WATER DEPARTMENT FUND			
	ORIGINAL AND FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE VARIANCE
OPERATING REVENUES:			
Water and sewer billings	\$ 2,200,037	\$ 2,132,561	(\$ 67,476)
Arrears and penalties, water billings	36,300	36,735	435
Tap-in fees, permits, and benefits:			
Water	38,930	87,870	48,940
Sewer	38,930	65,880	26,950
Sale of water fittings, meters, and miscellaneo	2,000	52,649	50,649
Fire hydrant rental	30,550	30,550	-
TOTAL OPERATING REVENUES	2,346,747	2,406,245	59,498
OPERATING EXPENSES:			
Salaries and wages	450,045	430,155	19,890
Social Security and retirement	101,840	88,174	13,666
Insurance	165,908	143,954	21,954
Meal allowance, uniforms, and car allowance	6,744	5,105	1,639
Office supplies	2,500	4,410	(1,910)
Departmental supplies	6,500	8,106	(1,606)
Maintenance	89,500	41,399	48,101
Sewage disposal	642,791	451,208	191,583
Water purchases	774,771	761,626	13,145
Utilities and telephone	4,914	7,232	(2,318)
Postage	6,000	6,392	(392)
Printing and publications	4,150	3,523	627
Memberships and subscriptions	1,500	796	704
Depreciation	277,150	289,727	(12,577)
Motor Pool equipment rent	113,804	113,804	-
Professional / audit fees	7,000	3,511	3,489
Engineering and contractual services	25,760	20,892	4,868
Training program	2,500	1,198	1,302
Compensated absences	5,750	4,305	1,445
Miscellaneous expense	1,000	39	961
Interest	7,714	7,967	(253)
TOTAL OPERATING EXPENSES	2,697,841	2,393,523	304,318
NET OPERATING INCOME (LOSS)	(351,094)	12,722	363,816

WATER DEPARTMENT FUND		
ORIGINAL AND FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE VARIANCE
NONOPERATING REVENUE:		
Interest Income	37,683 108,516	70,833
TOTAL NONOPERATING REVENUE	37,683 108,516	70,833
CHANGE IN NET ASSETS	(313,411) 121,238	434,649
NET ASSETS, beginning of year	11,423,083 11,423,083	-
NET ASSETS, end of year	\$ 11,109,672 \$ 11,544,321	\$ 434,649

SUPPLEMENTAL INFORMATION

City of Woodhaven
Combining Balance Sheets
Nonmajor Governmental Funds
June 30, 2005

	SPECIAL REVENUE FUNDS					DEBT SERVICE	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	COMMUNITY ACTIVITIES CENTER	COMMUNITY DEVELOPMENT BLOCK GRANT	POLICE FORFEITURES	BUILDING INSPECTION			
ASSETS							
Cash	\$ 27,215	\$ -	\$ 109,032	\$ 56,625	\$ -	-	\$ 192,872
Cash equivalents	136,666	-	359,955	216,597	3,701	3,701	716,919
Accrued interest	-	-	-	201	-	-	201
Due from other governments	-	10,000	-	-	-	-	10,000
TOTAL ASSETS	\$ 163,881	\$ 10,000	\$ 468,987	\$ 273,423	\$ 3,701	\$ 3,701	\$ 919,992
LIABILITIES AND FUND BALANCE							
Accounts payable	-	-	41,925	1,693	-	-	43,618
Accrued wages	-	-	-	4,112	-	-	4,112
Due to General Fund	-	10,000	-	-	-	-	10,000
TOTAL LIABILITIES	-	10,000	41,925	5,805	-	-	57,730
Fund Balance	163,881	-	427,062	267,618	3,701	3,701	862,262
TOTAL LIABILITIES AND FUND BALANCE	\$ 163,881	\$ 10,000	\$ 468,987	\$ 273,423	\$ 3,701	\$ 3,701	\$ 919,992

City of Woodhaven
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
June 30, 2005

	SPECIAL REVENUE FUNDS					DEBT SERVICE	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	COMMUNITY ACTIVITIES CENTER	COMMUNITY DEVELOPMENT BLOCK GRANT	POLICE FORFEITURES	BUILDING INSPECTION			
REVENUES:							
Federal grants	\$ -	\$ 71,710	\$ 98,553	\$ -	\$ -	\$ -	\$ 170,263
Interest on investments	3,142	-	6,145	1,382	1,545	1,545	12,214
Permits and fees	-	-	-	650,536	-	-	650,536
Rental	14,845	-	-	-	-	-	14,845
Forfeitures	-	-	161,559	-	-	-	161,559
TOTAL REVENUES	17,987	71,710	266,257	651,918	1,545	1,545	1,009,417
EXPENDITURES:							
Wages and benefits	-	-	-	360,646	-	-	360,646
Maintenance of Equipment/Facilities	-	-	-	-	-	-	-
Miscellaneous	26,302	71,710	67,930	23,654	-	-	189,596
Capital outlay	-	-	96,091	-	-	-	96,091
Debt payments:	-	-	-	-	-	-	-
Principal	-	-	-	-	247,844	247,844	247,844
Interest	-	-	-	-	184,512	184,512	184,512
	26,302	71,710	164,021	384,300	432,356	432,356	1,078,689
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(8,315)	-	102,236	267,618	(430,811)	(430,811)	(69,272)
OTHER FINANCING SOURCES:							
Transfer from General Fund	-	-	-	-	434,512	434,512	434,512
Total Other Financing Sources	-	-	-	-	434,512	434,512	434,512
NET CHANGE IN FUND BALANCES	(8,315)	-	102,236	267,618	3,701	3,701	365,240
FUND BALANCE, beginning	172,196	-	324,826	-	-	-	497,022
FUND BALANCE, ending	\$ 163,881	\$ -	\$ 427,062	\$ 267,618	\$ 3,701	\$ 3,701	\$ 862,262

City of Woodhaven
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual (Budgetary Basis)
Nonmajor Special Revenue Funds
June 30, 2005

COMMUNITY DEVELOPMENT BLOCK GRANT			
	ORIGINAL AND FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUES:			
Other revenue	\$ 100,000	\$ 71,710	(\$ 28,290)
TOTAL REVENUES	<u>100,000</u>	<u>\$ 71,710</u>	<u>(\$ 28,290)</u>
EXPENDITURES:			
Other expenditures	100,000	71,710	28,290
Capital outlay			-
TOTAL EXPENDITURES	<u>100,000</u>	<u>71,710</u>	<u>28,290</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	-
FUND BALANCE, beginning	-	-	-
FUND BALANCE, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Woodhaven
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual (Budgetary Basis)
Nonmajor Special Revenue Funds
June 30, 2005

POLICE FORFEITURES				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUES:				
Interest on savings and investments	\$ 1,500	\$ 1,500	\$ 6,145	\$ 4,645
Other revenue	120,500	158,500	260,112	101,612
TOTAL REVENUES	122,000	160,000	266,257	106,257
EXPENDITURES:				
Other expenditures	74,000	160,000	67,930	92,070
Capital outlay	48,000	-	96,091	(96,091)
TOTAL EXPENDITURES	122,000	160,000	164,021	(4,021)
EXCESS OF REVENUES OVER EXPENDITURES	-	-	102,236	102,236
FUND BALANCE, beginning	324,826	324,826	324,826	-
FUND BALANCE, ending	\$ 324,826	\$ 324,826	\$ 427,062	\$ 102,236

City of Woodhaven
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual (Budgetary Basis)
Nonmajor Special Revenue Funds
June 30, 2005

COMMUNITY ACTIVITIES CENTER				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUES:				
Interest on savings and investments	\$ 1,525	\$ 1,525	\$ 3,142	\$ 1,617
Rental	19,000	19,000	14,845	(4,155)
TOTAL REVENUES	<u>20,525</u>	<u>20,525</u>	<u>17,987</u>	<u>(2,538)</u>
EXPENDITURES:				
Maintenance of equipment	16,800	16,800	-	16,800
Other expenditures	3,725	26,325	26,302	23
TOTAL EXPENDITURES	<u>20,525</u>	<u>43,125</u>	<u>26,302</u>	<u>16,823</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 -	 (22,600)	 (8,315)	 14,285
 FUND BALANCE, beginning	 172,196	 172,196	 172,196	 -
FUND BALANCE, ending	<u>\$ 172,196</u>	<u>\$ 149,596</u>	<u>\$ 163,881</u>	<u>\$ 14,285</u>

City of Woodhaven
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual (Budgetary Basis)
Nonmajor Special Revenue Funds
June 30, 2005

BUILDING INSPECTION			
	ORIGINAL AND FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUES:			
Interest on savings and investments		\$ 1,382	\$ 1,382
Permits and fees	\$ 438,254	650,536	212,282
TOTAL REVENUES	438,254	651,918	213,664
EXPENDITURES:			
Wages and benefits	327,513	360,646	(33,133)
Other expenditures	30,014	23,654	6,360
TOTAL EXPENDITURES	357,527	384,300	(26,773)
EXCESS OF REVENUES OVER EXPENDITURES	80,727	267,618	186,891
FUND BALANCE, beginning	-	-	-
FUND BALANCE, ending	\$ 80,727	\$ 267,618	\$ 186,891

City of Woodhaven
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual (Budgetary Basis)
Nonmajor Governmental Fund
June 30, 2005

DEBT SERVICE FUND			
	ORIGINAL AND FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUES:			
Interest on savings and investments	\$ 1,439	\$ 1,545	\$ 106
TOTAL REVENUES	<u>1,439</u>	<u>\$ 1,545</u>	<u>\$ 106</u>
EXPENDITURES:			
Debt payments:			
Principal	247,832	247,844	(12)
Interest	\$ 184,523	184,512	11
TOTAL EXPENDITURES	<u>432,355</u>	<u>432,356</u>	<u>(1)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(430,916)</u>	<u>(430,811)</u>	<u>105</u>
OTHER FINANCING SOURCES (USES):			
Transfer from General Fund	434,512	434,512	-
Transfer to General Fund	(3,596)	-	3,596
TOTAL OTHER FINANCING SOURCES	<u>430,916</u>	<u>434,512</u>	<u>3,596</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>3,701</u>	<u>3,701</u>
FUND BALANCE, beginning	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, ending	<u>\$ -</u>	<u>\$ 3,701</u>	<u>\$ 3,701</u>

City of Woodhaven
Internal Service Fund
Statement of Revenues, Expenditures and
Changes in Net Assets - Budget and Actual (Budgetary Basis)
June 30, 2005

MOTOR POOL FUND			
	ORIGINAL AND FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
OPERATING REVENUES:			
User charges	\$ 539,181	\$ 531,681	(\$ 7,500)
Miscellaneous	7,269	18,335	\$ 11,066
TOTAL OPERATING REVENUES	546,450	550,016	3,566
OPERATING EXPENDITURES:			
Salaries and wages	167,127	162,877	4,250
Employee benefits	86,854	93,677	(6,823)
Compensated absences		1,212	(1,212)
Supplies	7,620	4,582	3,038
Contracted services	2,000	5,345	(3,345)
Maintenance	90,300	95,623	(5,323)
Insurance	104,702	100,191	4,511
Motor fuel lubricants	63,550	81,792	(18,242)
Depreciation expense	312,800	243,703	69,097
Uniforms	1,450	2,288	(838)
Memberships and training	3,500	436	3,064
Interest	13,450	846	12,604
Computer rental	1,000		1,000
Contingency	7,547		7,547
Professional fees	3,350	289	3,061
TOTAL OPERATING EXPENDITURES	865,250	792,861	72,389
NET OPERATING INCOME (LOSS)	(318,800)	(242,845)	75,955
NONOPERATING REVENUE			
Interest on investments	6,000	9,835	3,835
Transfer from General Fund		25,998	25,998
Gain on disposal of equipment		7,760	7,760
NET NON-OPERATING INCOME (LOSS)	6,000	43,593	37,593
NET INCOME	(312,800)	(199,252)	113,548
NET ASSETS, beginning	1,274,000	1,274,000	-
NET ASSETS, ending	\$ 961,200	\$ 1,074,748	\$ 113,548

City of Woodhaven
Component Unit
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
July 1, 2004 to June 30, 2005

DOWNTOWN DEVELOPMENT AUTHORITY FUND			
REVENUES:	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Current Taxes	\$ 788,457	\$ 773,052	\$ (15,405)
Investment Interest	9,000	34,399	25,399
Miscellaneous Revenue		4,057	4,057
TOTAL REVENUES	\$ 797,457	\$ 811,508	\$ 14,051
EXPENDITURES:			
Project Costs	797,457	54,026	743,431
Tax Tribunal Adjustments		14,203	(14,203)
TOTAL EXPENDITURES	797,457	68,229	729,228
Total Revenue Over (Under)			
Expenditures	-	743,279	743,279
Fund Balance, beginning	1,388,761	1,388,761	-
Fund Balance, ending	\$ 1,388,761	\$ 2,132,040	\$ 743,279

City of Woodhaven
Combining Statement of Net Assets
Pension Trust
June 30, 2005

	PENSION TRUST		TOTAL PENSION TRUST FUNDS
	DEFINED BENEFIT	DEFINED CONTRIBUTION	
ASSETS:			
Investments	\$ 14,635,486	\$ 1,442,449	\$ 16,077,935
Accrued interest and dividends	72,060		72,060
Due from other funds	1,251,413		1,251,413
TOTAL ASSETS	<u>15,958,959</u>	<u>1,442,449</u>	<u>17,401,408</u>
NET ASSETS			
NET ASSETS:			
Net assets held in trust	<u>15,958,959</u>	<u>1,442,449</u>	<u>17,401,408</u>
TOTAL NET ASSETS	<u>\$ 15,958,959</u>	<u>\$ 1,442,449</u>	<u>\$ 17,401,408</u>

City of Woodhaven
Combining Statement of Changes in Net Assets
Fiduciary Funds
Year Ended June 30, 2005

	Defined Benefit	Defined Contribution	Total Pension Trust Funds
ADDITIONS:			
Contributions:			
Employer	\$ 815,751	\$ 198,961	\$ 1,014,712
Plan member	126,964	110,474	237,438
Total contributions	<u>942,715</u>	<u>309,435</u>	<u>1,252,150</u>
Investment Income:			
Net appreciation (depreciation) in fair value of investments	48,365	24,405	72,770
Interest and dividends	630,223	47,051	677,274
Gain (loss) on sale of investments	50,484	16,029	66,513
Total investment income	<u>729,072</u>	<u>87,485</u>	<u>816,557</u>
Accrued contributions	76,297		76,297
Less investment expense	52,105	1,709	53,814
TOTAL ADDITIONS	<u>1,695,979</u>	<u>395,211</u>	<u>2,091,190</u>
Deductions:			
Benefits	1,020,418		1,020,418
TOTAL DEDUCTIONS	<u>1,020,418</u>	<u>-</u>	<u>1,020,418</u>
CHANGE IN NET ASSETS	675,561	395,211	1,070,772
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
Beginning of Year	15,283,398	1,047,238	16,330,636
End of Year	<u>\$ 15,958,959</u>	<u>\$ 1,442,449</u>	<u>\$ 17,401,408</u>

City of Woodhaven
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2005

	TAX RECEIVING FUND	COURT FUND	PAYROLL FUND	RETIREES BENEFIT	BOND COMPLIANCE FUND	TREE PLANTING FUND	ENGINEERING FEES FUND	INTEREST FUND	TOTAL AGENCY FUNDS
CURRENT ASSETS:									
Cash and cash equivalents	\$ 3,496	\$ 10	\$ 51	\$ 665,188	\$ 889,990	\$ 42,508	\$ 372,683	\$ 789	\$ 1,974,715
Accrued interest receivable	-	-	-	354	-	-	-	-	354
TOTAL CURRENT ASSETS	3,496	10	51	665,542	889,990	42,508	372,683	789	1,975,069
LIABILITIES:									
CURRENT LIABILITIES:									
Due to General Fund	3,496	-	50	-	-	-	29,408	789	33,743
Due to Retirement Fund	-	-	-	54,025	-	-	-	-	54,025
Deferred revenue	-	10	-	-	-	42,508	-	-	42,518
Taxes payable	-	-	1	-	-	-	-	-	1
Bond compliance deposits	-	-	-	-	889,990	-	343,275	-	1,233,265
Obligations to employees -	-	-	-	-	-	-	-	-	-
Retirees Benefits	-	-	-	611,517	-	-	-	-	611,517
TOTAL CURRENT LIABILITIES	\$ 3,496	\$ 10	\$ 51	\$ 665,542	\$ 889,990	\$ 42,508	\$ 372,683	\$ 789	\$ 1,975,069

City of Woodhaven
Water Department Fund
Schedule of Cash Receipts and Disbursements - Restricted Accounts
For the year Ended June 30, 2005

	ACCOUNTS			
	DEBT RETIREMENT	DEPRECIATION	SUPER SEWER	TOTAL
Cash and investments at beginning of year	\$ 124,792	\$ 617,946	\$ 231,470	\$ 974,208
Cash Receipts				
Interest earnings	2,576	17,202	6,443	26,221
TOTAL CASH AND INVESTMENTS AVAILABLE	127,368	635,148	237,913	1,000,429
Cash and investments at year end	\$ 127,368	\$ 635,148	\$ 237,913	\$ 1,000,429

CITY OF WOODHAVEN
WAYNE COUNTY, MICHIGAN
COMMENTS AND RECOMMENDATIONS
JUNE 30, 2005

DARNELL & MEYERING, P.C.

Certified Public Accountants

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MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
MICHIGAN ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

October 28, 2005

The Honorable Mayor and
Members of the Council
City of Woodhaven
Woodhaven, MI 48183

We have audited the financial statements of the City of Woodhaven for the year ended June 30, 2005 and have issued our report dated October 28, 2005. As part of our audit, we reviewed the City's accounting procedures and system of internal controls to determine the nature, timing, and extent of the auditing procedures necessary to express an opinion on the annual financial statements.

The objective of internal control is to provide reasonable, but not absolute assurance as to: 1) the safeguarding of assets against loss from unauthorized use or disposition, 2) proper division of duties between various employees to provide a reasonable check upon transactions and, 3) the reliability of financial records for preparing financial statements and maintaining accountability for assets.

We would like to note, based on the prior year's comments and recommendations, that the following changes have been made:

1. A budget was prepared for the Capital Improvement Fund.
2. The community activities center is identifying sources of revenue, admissions or concessions, when submitting funds for deposit.

The following are comments and recommendations that we have at this time:

1. Comment:

An physical inventory of the Water & Sewer department was not taken until three months after the end of the fiscal year.

Recommendation:

Schedule a physical inventory for the last week of the fiscal year.

2. Comment:

Again, during our testing, we noted that an invoice was received for a purchase prior to the preparation of a purchase order. In addition the required City Council approval was not given prior to the purchase.

Recommendation:

We recommend that purchase orders be prepared prior to purchase along with approval by City Council, if required. All purchase orders should be made in accordance with Section 14.1 of the City Charter, as amended, which is specified in Article II, sections 1-15 thru 1-17 of the Code of Ordinances.

3. Comment:

Five expense activities in the General Fund were in excess of budget..

Recommendations:

We recommend that the treasurer submit an amended budget prior to the end of the fiscal year which provides adequate funding for all expense activities.

4. Comment:

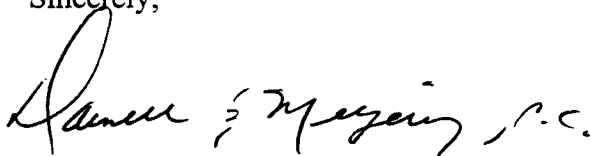
Records for compensated absences for the Police department are not maintained in the payroll department.

Recommendation:

The Police department needs to maintain their compensated absences records in the payroll department to ensure proper accountability.

The above comments and recommendations are presented for your consideration. If there are any questions regarding these matters of internal control we would be glad to discuss them with you at your convenience.

Sincerely,



DARNELL & MEYERING, P.C.